

72-2.14

**RESOLUTION CALLING ON THE LEGISLATURE TO MAKE PERMANENT THE 2% CAP  
ON INTEREST ARBITRATION AWARDS**

**WHEREAS**, on December 21, 2010, Governor Christie signed into law reforms to the Arbitration process that took effect January 1, 2011; and

**WHEREAS**, the reforms capped arbitration awards on economic factors to no more than 2%, provided for random selection of arbitrators, expedited the determination of awards, required the arbitrator to provide a written report detailing the weight accorded to each of the required considerations and expedited the appeal process; and

**WHEREAS**, these reforms marked a dramatic change to the arbitration process and have helped municipalities to control the never-ending rise in public safety personnel costs; and

**WHEREAS**, a key element of the reforms, capping arbitration awards on economic factors to no more than 2% of the property tax levy will expire on April 1, 2014; and

**WHEREAS**, while municipalities are statutorily limited to raise their property tax levy by no more than 2%, with very limited exceptions, failure to extend the 2% cap on interest arbitration awards will force municipalities throughout the State to further reduce or even eliminate crucial services, personnel, and long-overdue infrastructure improvement projects in order to fund an arbitration award; and

**WHEREAS**, the 2% Interest Arbitration cap has controlled one of the largest municipal expense, public safety salaries, not only through arbitration awards but through contract negotiations; and

**WHEREAS**, absent further action by the Legislature, any contract that expires on or after April 1, 2014, will be subject to all new procedures and requirements, EXCEPT the 2% awards cap; and

**WHEREAS**, without those limits, arbitrators will be able to impose awards that do not account for the 2% limit on the property tax levy, which would immediately threaten funding for all other municipal services; and

**WHEREAS**, without the 2% cap on Interest Arbitration Awards but with the 2% cap on property tax levy local budget makers could be forced to reduce other essential municipal services to fund an arbitration award;

**NOW, THEREFORE, BE IT RESOLVED** on this 3<sup>rd</sup> day of February, 2014 that the Township Council of the Township of North Brunswick strongly urges the Legislature to permanently extend the 2% cap on interest arbitration awards prior to the April 1, 2014 sunset; and

**BE IT FURTHER RESOLVED**, that a that a copy of this duly adopted resolution be forwarded to Senate President Stephen Sweeney, Assembly Speaker Vincent Prieto, North Brunswick Legislative Representatives: Senator Bob Smith, Assemblyman Upendra J. Chivukula and Assemblyman Joseph V. Egan, Governor Chris Christie, and the New Jersey State League of Municipalities.

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Robert Lombard  
Business Administrator

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Ronald Gordon, Esq.  
Township Attorney  
Approved as to legal form